

Opening Statement

Chairman Michael G. Oxley Committee on Financial Services

Oversight hearing on the Department of Housing and Urban Development

Wednesday, March 2, 2005

Today, the Financial Services Committee welcomes Secretary of the Housing and Urban Development, Alphonso Jackson, and we offer our congratulations on your successful first year as Secretary.

Over the past few years, this Committee and the Administration have continued to seek bipartisan ways to extend homeownership and to make existing housing programs work better.

For example, the Committee passed the American Dream Downpayment Act that benefits 45,000 new homeowners annually. The committee passed the Hospital Mortgage Insurance Act of 2003, which streamlined the process for local community hospitals to insure mortgages thereby enhancing the quality of life and health care, particularly in rural communities. The Committee enacted legislation to increase FHA multifamily loan limits, which addresses the acute issue of affordable rental housing in high-cost areas. In rural areas, the Committee passed legislation that would allow the Government National Mortgage Association (GNMA) to securitize Rural Housing Service multifamily loans as well as providing new homeownership opportunities for Native Americans.

This year, the President's Fiscal Year 2006 budget proposal would strengthen the core of certain housing initiatives, including rental housing assistance and public housing. The proposal advocates homeownership, which endures as an important goal for most Americans.

The Administration has also proposed an overhaul of the way the Federal government funds and administers community and economic development.

The Administration has not yet offered legislation describing how these thirty-five programs will collapse into grant programs. Mr. Secretary, I am looking forward to the opportunity to have you and Secretary of Commerce Gutierrez address this Committee on the details of this proposal

and how we can reach common ground to promote homeownership, community development, and economic opportunity.

President Bush has inspired us to make homeownership happen for even more Americans, even at a time when our homeownership rate is the highest ever at 68 percent. Since last year, homeownership for African Americans and Hispanic homeowners has exceeded fifty percent.

Mr. Secretary, I also want to congratulate you on your leadership in creating and sustaining rental housing opportunities for families not yet ready to pursue homeownership. This year's budget provides an increase in funding for rental housing through Housing Choice Vouchers.

To address another aspect of HUD's oversight responsibility, over the past two years, we have learned of accounting errors at Fannie Mae and Freddie Mac and also discovered that Fannie Mae sold fraudulent loans to Ginnie Mae. Chairman Baker has been diligent in his goal of reforming the GSEs, and many of the issues that have come to light can be directly attributed to his efforts. As we consider proposals for the reform of the GSEs, it is my hope that this Committee can work with the Administration to craft a regulatory structure that protects the taxpayers, ensures their safe and sound operation, and maintains their housing mission.

Last year, your Department determined that the enterprises were not meeting underserved markets. As mission regulator, HUD raised the affordable housing goals that the GSEs must meet. This committee is interested in any update you can provide related to the progress the GSEs have made in meeting these new goals.

I would also like to mention reform of the Real Estate Settlement Procedures Act. We all support the goal of simplifying the home-buying process and making it less expensive for consumers. I am hopeful that you will address the Department's future intent regarding the development of a new proposed rule.

Let me also take this opportunity to thank Housing Subcommittee Chairman Ney for his work on housing issues and recognize the gentleman from Massachusetts.

Mr. Secretary, thank you for being here today.